

## Message Text

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44

ACTION AF-18

INFO OCT-01 ARA-16 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01

SPC-03 SS-20 USIA-15 ACDA-19 IO-14 INT-08 SCEM-02

SCI-06 AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 DRC-01 /249 W

----- 122627

R 140927Z NOV 73

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 1761

INFO AMEMBASSY BONN

AMEMBASSY CARACAS

AMEOHAYJY LONDON

AMEMBASSY VIENNA

AMCONSUL CURACAO

AMCONSUL MARTINIQUE

OECD PARIS 3720

LIMITED OFFICIAL USE LAGOS 9111

E.O. 11652: N/A

TAGS: ENRG, NI

SUBJECT: NIGERIA CONTEMPLATING REFINERY IN U.S. VIRGIN ISLANDS

1. ACCORDING TO A NIGERIAN BUSINESSMAN WHO CLAIMS TO BE  
PARTICIPATING IN THE NEGOTIATIONS, THE NIGERIAN OIL

CORPORATION (NNOC) IS ON THE VERGE OF CONCLUDING JOINT VENTURE  
WITH VIRGIN ISLANDS REFINING CORPORATION (VIRCO) FOR  
CONSTRUCTION OF A 200,000 BARREL A DAY REFINERY AT CHRISTIANSTED,  
SAINT CROIX. FEASIBILITY AND PRELIMINARY DESIGN STUDIES SAID TO  
BE COMPLETE. REFINERY WOULD COME ON STREAM AT END OF 1975 AND  
PRODUCE PRIMARILY FOR US MARKET. PROJECT ALSO PROVIDES FOR  
NIGERIAN FLAG TANKERS TO CARRY CRUDE DIRECTLY FROM

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NIGERIAN TO THE REFINERY AND PRODUCTS FROM THE REFINERY TO THE

MAINLAND. REFINERY WOULD EVENTUALLY BE EXPANDED TO 600,000 BARRELS PER STREAM DAY, A CAPACITY WHICH WOULD BE ROUGHLY EQUIVALENT TO THE EXISTING AMERADA HESS REFINERY IN CHRISTIANSTED.

2. NNOC IS SAID TO HAVE CONCLUDED PARTICIPATION IN OFF-SHORE REFINING IS FASTER AND MORE PROFITABLE WAY OF ADDING VALUE TO NIGERIAN CRUDE EXPORTS THAN BUILDING SERIES OF REFINERIES IN PRODUCING AREAS. PROJECTS IN AUSTRIA AND GERMANY ALSO UNDER STUDY BUT VIRCO PROPOSAL IS CLEARLY PREFERRED BY THE NIGERIANS.

3. THE EMBASSY'S INFORMANT SAID PROJECT IS BRANCH OF NEW YORK ECONOMIST SIDON AGARY AND IS BEING FINANCED BY GROUP ORGANIZED BY CHASE MANHATTAN BANK. HE NAMED MR. PHILLIPS AS BANK OFFICER DIRECTLY RESPONSIBLE AND MICHAEL CW KLUGE AS CHAIRMAN OF VIRCO. VIRCO HAS OFFICES AT 50 CENTRAL PARK WEST, NEW YORK 10023 (212/877-0278), AND 17 CHURCH STREET, CHRISTIANSTED (809/773-5244/5935).

4. COMMENT. EMBASSY AWARE THAT VIRCO REPRESENTATIVE WAS RECENTLY IN LAGOS, BUT DID NOT VISIT EMBASSY, AND NNOC OFFICIALS HAVE NEVER MENTIONED SUCH A PROJECT. SOURCE OF FOREGOING INFORMATION NOT PREVIOUSLY KNOWN TO EMBASSY, BUT INFORMATION IS SUFFICIENTLY DETAILED TO BE PLAUSIBLE, EVEN IF PROJECT MIGHT NOT BE AS FAR ADVANCED AS HE MAKES OUT. IF DEAL OF THIS MAGNITUDE IS IN THE

MAKING, IT OUTRANKS ALL PREVIOUS EXAMPLES OF ECONOMIC COOPERATION BETWEEN U.S. AND NIGERIA AND HAS OBVIOUS IMPORTANCE FOR FUTURE RELATIONS BETWEEN THE TWO COUNTRIES. EMBASSY WOULD BE INTERESTED IN ANY INFORMATION AVAILABLE TO DEPARTMENT.

5. PROJECT IS DOUBTLESSLY AN IMPORTANT INTEREST OF THE THREE-MAN NNOC TEAM VISITING NEW YORK AND WASHINGTON BEGINNING NOV. 17 (SEE LAGOS 8598 AND 9067). IN FACT, IT MAY BE THE PRIMARY PURPOSE OF THE VISIT RATHER THAN RECRUITMENT OF EXPLORATION PERSONNEL AS THEY TOLD EMBASSY. REINHARDT

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## Message Attributes

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